

# EXHIBIT 3

**Increase our offerings of great bargains.** We will continue to build on our member relationships and develop additional sources to acquire brand name and closeout products for our customers. Our direct buying relationships with many major manufacturers, wholesalers, distributors, brokers, and retailers provide us with significant opportunities to expand our ever-changing assortment of brand name and closeout merchandise at extreme values. As we continue to grow, we believe our increased scale will provide us with even greater access to brand name and closeout products as major manufacturers seek a single buyer to acquire an entire deal. We plan to further invest in our merchandising team in order to expand and enhance our sourcing relationships and product categories, which we expect will drive shopping frequency and increase customer spending.

**Leverage and expand Ollie's Army.** We intend to recruit new Ollie's Army members and increase their frequency of store visits and spending by enhancing our distinctive, fun and recognizable marketing programs, building brand awareness, further rewarding member loyalty and utilizing more sophisticated data-driven targeted marketing. We believe these strategies, coupled with a larger store base, will enable us to increase the amount of sales driven by loyal Ollie's Army customers seeking the next great deal.

## Segments

We operate in one reporting segment. See Note 12, "Segment Reporting and Entity-Wide Information," to our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

## Our merchandise

### Strategy

We offer a highly differentiated, constantly evolving assortment of brand name merchandise across a broad range of categories at drastically reduced prices. Our ever-changing assortment of "Good Stuff Cheap" includes brand name and closeout merchandise from leading manufacturers. We augment our brand name merchandise with opportunistic purchases of unbranded goods and our own domestic and direct-import private label brands in underpenetrated categories to further enhance the assortment of products that we offer. Brand name and closeout merchandise represented approximately 65% and non-closeout goods and private label products collectively represented approximately 35% of the retail value of our 2022 merchandise purchases. We believe our compelling value proposition and the unique nature of our merchandise offerings have fostered our customer appeal across a variety of demographics and socioeconomic profiles.

Our warehouse format stores feature a broad number of categories including housewares, bed and bath, food, floor coverings, health and beauty aids, books and stationery, toys, and electronics as well as other products including hardware, candy, clothing, sporting goods, pet and lawn and garden products. We focus on buying cheap to sell cheap and source products as unique buying opportunities present themselves. Our merchandise mix is designed to combine unique and brand name bargains at extremely attractive price points. This approach results in frequently changing product assortments and localized offerings which encourage shopper frequency and a "shop now" sense of urgency as customers hunt to discover the next deal.

The common element of our dynamic merchandise selection is the consistent delivery of great deals to our customers, with products offered at prices up to 70% below department stores and fancy stores and up to 20-50% below mass market retailers. Our product price tags allow customers to compare our competitor's price against Ollie's price to further highlight the savings they can realize by shopping at our stores.

Examples of our product offerings include:

- **Housewares:** cooking utensils, dishes, appliances, plastic containers, cutlery, storage and garbage bags, detergents and cleaning supplies, cookware and glassware, candles, hardware, frames, and giftware;
- **Bed and bath:** household goods including bedding, towels, curtains, and associated hardware;
- **Food:** packaged food including coffee, bottled non-carbonated beverages, salty snacks, candy, condiments, sauces, spices, dry pasta, canned goods, cereal, and cookies;
- **Floor coverings:** laminate flooring, commercial and residential carpeting, area rugs, and floor mats;
- **Books and stationery:** novels, children's, how-to, business, cooking, inspirational and coffee table books, greeting cards and various office supplies, and party goods;
- **Electronics:** home electronics, cellular accessories, and as seen on television;
- **Toys:** dolls, action figures, puzzles, educational toys, board games, and other related items;
- **Health and beauty aids:** personal care, hair care, oral care, health and wellness, over-the-counter medicine, first aid, sun care, and personal grooming;
- **Seasonal:** summer furniture, air conditioners, fans and space heaters and lawn & garden; and
- **Other:** clothing, sporting goods, pet products, luggage, and automotive.

The following table shows the breakdown of our product offerings as a percentage of net sales for each of the last three fiscal years:

	Percentage of Net Sales		
	2022	2021	2020
Consumables	21.6%	19.8%	21.0%
Home	38.3%	39.8%	40.8%
Seasonal	17.8%	18.1%	17.4%
Other	22.3%	22.3%	20.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

*Consumables* includes items such as health and beauty aids, food, candy, and pet food. *Home* includes items such as housewares, domestics, floor coverings, and hardware. *Seasonal* includes items such as summer furniture, air conditioners, fans and space heaters, toys, and lawn & garden. *Other* includes items such as books and stationery, electronics, clothing, sporting goods, pet products, luggage, and automotive.

### Product categories

We maintain consistent average margins across our primary product categories described below.

#### Brand name and closeout merchandise

Brand name and closeout merchandise represented approximately 65% of the retail value of our 2022 merchandise purchases. Our focus is to provide huge savings to our customers primarily through brand name products across a broad range of merchandise. Our experienced merchant team purchases deeply discounted, branded or closeout merchandise primarily from manufacturers, retailers, distributors, and brokers. This merchandise includes overstocks, discontinued merchandise, package changes, cancelled orders, excess inventory and buybacks from retailers, and major manufacturers.

Non-closeout and private label products collectively represented approximately 35% of the retail value of our 2022 merchandise purchases. We augment the breadth of our brand name merchandise with non-closeout and private label merchandise. In categories where the consumer is not as brand conscious, such as food, home textiles, and furniture, or when we may not be offering a current brand name merchandise deal, we will buy deeply discounted unbranded merchandise. These extreme value offerings are mixed in the stores with our brand name merchandise. We also have a variety of domestic and direct-import private label merchandise and exclusive products sold under numerous brands. These high quality products are developed in key categories such as housewares and are designed to create brand-like excitement and complement our brand name merchandise. We also have licenses for private label products that use recognizable celebrity names or brand names. We routinely evaluate the quality and condition of these private label goods to ensure that we are delivering our customer a high quality product at a great price.

### **Merchandise procurement and distribution**

Our disciplined buying strategy and strict adherence to purchasing margins support our merchandising strategy of buying cheap to sell cheap.

### **Merchandising team**

Our merchant team maintains strong, long-standing relationships with a diverse group of suppliers, allowing us to procure branded merchandise at compelling values for our customers. Our merchants specialize by department in order to build category expertise, in-depth knowledge and sourcing relationships. We believe our buying approach, coupled with long-standing and newly formed relationships, enable us to find the best deals from major manufacturers and pass drastically reduced prices along to our customers. We plan to further invest in and grow our merchandising team in order to expand and enhance our sourcing relationships and product categories, which we expect will drive shopping frequency and increase customer spending.

### **Merchandise procurement**

We believe that our strong sourcing capabilities are the result of our tenured merchant team's ability to leverage deep, long-standing relationships with hundreds of manufacturers, wholesalers, brokers, retailers, and other suppliers. Our merchants maintain direct relationships with brand manufacturers, regularly attend major tradeshows and travel the world to source extreme value offerings across a broad assortment of product categories. We are an ideal partner to major manufacturers because our merchants are experienced and empowered to make quick decisions. Each opportunity is unique, and our merchants negotiate directly with the supplier to lock in a particular deal. Our ability to select the most attractive opportunistic purchases from a growing number of available deals enables us to provide a wide assortment of goods to our customers at great bargain prices.

We source from over 1,100 suppliers. Our dedication to building strong relationships with suppliers is evidenced by an average relationship of over 15-years with our top 15 suppliers. As we continue to grow, we believe our increased scale will provide us with even greater access to brand name products since many major manufacturers seek a single buyer to acquire the entire deal.

### **Distribution and logistics**

We have made significant investments in our distribution network and personnel to support our store growth plan. Currently, we distribute approximately 95% of our merchandise from our distribution centers in York, PA (603,000 square feet), Commerce, GA (962,000 square feet), and Lancaster, TX (615,000 square feet). We are in the process of expanding our York, PA distribution center, which will provide an additional 201,000 square feet of distribution capacity, and is expected to be completed in the first half of 2023. In order to minimize the amount of time our retail stores devote to inventory management, our merchandise is seeded with price tickets and labeled with a bar code for shipping.

On October 17, 2022, we entered into a purchase agreement to **Exhibit 3** a parcel of land in Princeton, Illinois for the construction of our fourth distribution center. The purchase agreement is subject to customary post-execution, pre-closing activities with an anticipated closing date in the first quarter of fiscal 2023.

Our stores generally receive shipments from our distribution centers one to two times a week, depending on the season and specific store size and sales volume. We utilize independent third party freight carriers.

With the expansion of our York, PA distribution center and the addition of our fourth distribution center, we believe our distribution capabilities will support over 700 stores.

## Our stores

As of January 28, 2023, we operated 468 stores, averaging approximately 33,000 square feet, across 29 contiguous states in the eastern half of the United States. Our highly flexible real estate approach has proven successful across all vintages, geographic regions, population densities, demographic groups, real estate formats and regardless of any co-tenant. Our business model has resulted in positive financial performance during strong and weak economic cycles. We have successfully opened stores in six new states since 2018, highlighting the portability of our new store model. The following map shows the number of stores in each of the states in which we operated as of January 28, 2023:

